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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

June 27, 2012

Paul Glader
Hecla Mining Company
6500 Mineral Drive, Suite 200
Coeur D'Alene, Idaho 83815-9408

Re: Review of Request for Full Bond Release and File Closure, Hecla Mining Company, Escalante Silver Mine, M/021/0004, Iron County, Utah

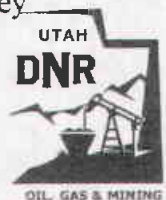
Dear Mr. Glader:

On January 23, 2012, the Division of Oil, gas and Mining received your request for file closure and full release of the reclamation surety for the Escalante Silver Mine. Part of the review was to document the change of land use and ownership of the mill facilities. A subsequent site visit to review the revegetation establishment was done on June 5, 2012 (memo attached).

The remaining areas of reclamation responsibility for the site are the tailings facility and the access road to the facility. All other areas have been previously released, including the office complex, the mill facilities, the waste rock pile, and the closing of the monitoring wells by the tailings facility. As pointed out in your release request, vegetation on the tailings facility has been established for several years (and exceeds the Division's revegetation cover). About four acres along the access road were reclaimed in 2011 due to narrowing the road to its prior width, which allows continued access to areas beyond the tailings for other individuals.

The site visit concluded that all earthwork has been satisfactorily completed and all areas have been seeded. Vegetation establishment has also been achieved on all areas except the areas along the access road to the tailings facility.

The only other remaining issue is the eradication of knapweed on the tailing facility area that was discovered shortly after the initial seeding of that area. Since this area is on BLM lands, the BLM has required eradication of the knapweed, and has informed the Division that they will not agree with the release of the surety until either the knapweed is eradicated (two years of monitoring without finding any plants) or Hecla establishes a trust fund with the BLM so they can continue monitoring and control activities.



Page 2 of 2
Paul Glader
M/021/0004
June 27, 2012

The Division must have the BLM's concurrence before releasing the surety which requires that you either eradicate the knapweed or establish a trust fund for them to do so. Once this is completed, the Division could proceed with approval of your request.

Please contact Lynn Kunzler at 801-538-5310 or me at 801-538-5261 if you have any questions or concerns regarding this letter. In response, please reference our file number M/021/0004 regarding this project.

Sincerely,

A handwritten signature in dark ink, appearing to read 'P B Baker', written in a cursive style.

Paul B. Baker
Minerals Program Manager

PBB: lk: eb

Cc: eginouve@blm.gov

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